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June 20, 2005

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

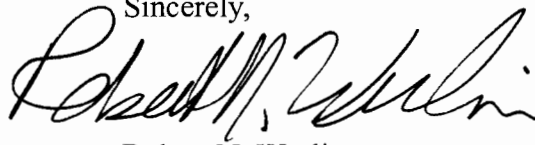
Re: D.T.E. 05-45, Cambridge Electric Light Company

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter is an original and four copies of the responses to the Information Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert N. Werlin", written in a cursive style.

Robert N. Werlin

Enclosures

cc: Shaela McNulty Collins, Hearing Officer  
Colleen McConnell, Assistant Attorney General  
John A. DeTore

## Responses to Information Requests

Information Request DTE-1-7(Supplemental)

Information Request DTE-2-1

Information Request DTE-2-2

Information Request DTE-2-3

Information Request DTE-1-7 (Supplemental)

Please rerun Exhibits CAM-CLV-1 (Revised) and CAM-HCL-3 using the following transition charges to be effective July 1, 2005: (a) 1.071 cents per KWH; (b) 0.810 cents per KWH; (c) 0.549 cents per KWH; and (d) 0.288 cents per KWH.

Supplemental Response

Please refer to Attachments DTE-1-7(a)(Supp) – 7(d)(Supp), which are Excel models that set forth the requested information for Exhibit CAM-HCL-3 at the tab labeled “Exh 3-TypBills”. The attachments initially filed isolate the changes set forth in this filing and do not include the changes in the Default Service rates that will take effect on July 1, 2005. These supplemental attachments incorporate the new Default Service rates.

Response

**[CONFIDENTIAL ELECTRONIC ATTACHMENTS]**

Please refer to Attachments DTE-1-7(a) – 7(d) which are Excel models that set forth the requested information for Exhibit CAM-HCL-3 at the tab labeled “Exh 3-TypBills”.

Please refer to Attachments DTE-1-7(e) – 7(h)(**CONFIDENTIAL**), which provides Exhibit CAM-CLV-1 with the requested transition charge rates effective July 1, 2005. Please note that all versions of Exhibit CAM-CLV-1 contain confidential information and are being provided to the Hearing Officer and those who have entered into non-disclosure agreements.

Information Request DTE-2-1

Refer to Exhibits CAM-HCL-2 and CAM-HCL-3. Please explain any adjustments to the transmission rate for all rate classes. See, e.g., R-6 and G-3. Provide bill impact analyses for those classes with transmission rate adjustments, assuming zero adjustment to that charge, but all other adjustments requested in this filing. Be sure to use all known and measurable rates and charges as of July 1, 2005, for the proposed section of the analyses. Provide these documents in Microsoft Excel format, with all formulas and links contained in the cells.

Response

The transmission rate adjustments for Rate R-6, Rate G-3 and the S/S/M rates (Rate SB-1, SS-1 and MS-1) are set forth in the Rate Design Adjustment column of Exhibit CAM-HCL-2. In its response to Information Request DTE-1-3, Cambridge explained that the changes to the transmission prices for Rate G-3 were made to keep the price relationship between the total \$/kVA charges relatively constant. In this way, the rate impact on customers of varying size would remain relatively constant. This rate design is made “automatically” by the same rate-design models that Cambridge has used to design rates each year since industry restructuring. These models were required to produce rates with relatively uniform percentage changes to rate components given varying transmission and transition charges each year. In addition, the rate design rules under restructuring required the application of uniform transition charges for each customer to the extent possible. Because the implementation of a uniform change in the transition charge skewed the price relationship between the total \$/kVA charges in the demand blocks, revenue-neutral adjustments were made to the transmission block demand prices to maintain the total relative price relationship.

In response to this information request, Cambridge has prepared a redesigned Rate G-3 to maintain the present transmission demand prices, but with the transition charge adjustment redesigned in a non-uniform revenue-neutral manner to maintain the desired total block price relationships.

Similarly, for Rate R-6 the model produced peak and off-peak transmission energy block prices that were adjusted in a revenue-neutral manner in order to maintain the relative total block price relationship, while maintaining uniform changes to the transition prices. Cambridge has prepared a redesigned Rate R-6 to eliminate the changes to the transmission prices and has made non-uniform adjustments to the transition charges.

The transmission adjustments for the S/S/M rates reflect the transmission prices for Rate G-3, the otherwise applicable rate schedule under that tariff. Thus, the revisions made to Rate G-3 are automatically reflected in the S/S/M rates. No further changes to transmission charges are required for these rate schedules.

Attachment DTE-2-1 is the Excel spreadsheet representing Exhibit CAM-HCL-2 containing the revisions requested including the rate-design models and typical bill calculations.

Information Request DTE-2-2

Refer to Exhibits CAM-HCL-2 and CAM-HCL-3. Please provide a list of any rate adjustments not noted in the cover letter or in any responses to discovery thus far. Provide an explanation for any such adjustment, and note the affected rate classes.

Response

All of the adjustments have been described either in Cambridge's cover letter or in the responses to information requests.

Information Request DTE-2-3

Refer to Exhibit CAM-CMV-1, all versions, and Cambridge's response to DTE 1-1. Please identify by citation and explain any rule, regulation or other authority or principle that prevents Cambridge from carrying the underrecovery of transition costs past 2006.

Response

The Department has historically sought to avoid long-term deferrals in order to minimize the total costs paid by customers and avoid adverse impacts to the financial integrity of electric and gas companies. As NSTAR Electric explained in its response to comments filed by TEC and the Attorney General, at 5-6:

With the expiration of Standard Offer Service, transition costs should be recovered as incurred. Electric distribution companies should base the level of transition charges on the forecast of transition costs. If, during the year, it becomes apparent that there is likely to be a significant over- or undercollection, companies should adjust rates to avoid a large change the next year.<sup>5</sup> The Department has (correctly) recognized the negative long-term impacts on customers of significant deferrals and has approved substantial rate increases to avoid those impacts. See, e.g., Standard Offer Service Fuel Adjustments, D.T.E. 00-66, 00-67, 00-70 (Letter Order dated December 4, 2000); CGAC Adjustment, D.T.E. 01-09, et seq., Executive Summary (2001). Implementing the proposed increase in the transition charge on July 1, 2005 meets the objective of reducing the deferrals as quickly as possible, consistent with the Department's goal of rate continuity. The proposal to increase its transition charge to 1.332 cents per kWh as of July 1, 2005, and roughly maintain that level through 2006, is

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5 In the case of Cambridge in 2005, it was the statutory rate cap that caused the deferral, not a significant change in the forecast of the transition charge components.

consistent with the Department's goal of rate continuity because it will allow Cambridge to avoid increasing the charge even higher, to 1.946 cents per kWh as of January 1, 2006, in order to recover its deferrals (cf. Exh. CAM-CLV-1 (Update 2005) to Exh. CAM-CLV-1 (Revised); see also Response to Information Request DTE-1-1[D.T.E. 05-45]).<sup>6</sup>

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6 Increasing the transition charge as of July 1, 2005 will also avoid the further...adverse rate impact of combining a 1.946 cents/kWh transition charge with a possible additional default service rate increase in January 2006, which may occur as a result of the most recent competitive default service bids received by the Company (see Response to Information Request DTE-1-1[D.T.E. 05-45]; NSTAR Electric Default Service Tariff Filing (May 24, 2005), Appendix B **CONFIDENTIAL**).